2 May 2012

GPT Meeting of Securityholders

2 May 2012 at 2.00pm

CEO Address

Good afternoon everyone and thank you for joining us today.

In 2012 GPT again exceeded expectations, delivering on the promises we made to you, our securityholders. During the year we also made good progress on actively enhancing our portfolio. And we are deliberately investing in the future to meet the challenges and opportunities ahead.

The past year was one of significant achievement for GPT, with many of these achievements a direct result of our 'optimise and grow' strategy.

For the full year, we delivered a strong operating performance with EPS growth ahead of guidance.

In early December 2012 we made a proposal to acquire the investment property portfolio and commercial and industrial business of Australand. We remain committed to advancing a proposal in the best interests of GPT and Australand securityholders. I should remind you that we don't need to complete this transaction to achieve our strategy.

As part of our active management approach, in June 2012, we announced that we would move to a more balanced portfolio weighting, with a reduction in exposure to retail and an increase in exposure to office and logistics & business parks. Over the course of the year we made good progress on this strategy by executing on $1 billion of asset acquisitions and disposals.

We completed two developments, including the $700 million premium waterfront office tower at One One One Eagle Street in Brisbane.

As part of our cost optimisation focus, in August 2012 GPT completed a comprehensive review of its cost base under the 'Fit for Growth' program which resulted in a net reduction of 60 roles, about 15% of our workforce. As a result of this initiative, we delivered a benefit to earnings of $3 million in 2012 and a recurring $10 million benefit on a full year basis. GPT now has one of the lowest ratios of management expenses to assets under management in the sector.

Finally we made good progress on our four growth platforms. In 2012, we delivered 20% growth in funds under management, well ahead of the sector average of 6%. We established a dual approach to development, continuing to create and enhance value across the portfolio whilst building capability in logistics & business parks development. We are also pursuing the creation of new profit sources. This includes innovative new uses of space within existing assets and providing attractive new services to tenants and shoppers. We also made a number of asset acquisitions in the logistics portfolio, including the most recent at Figtree Drive at Sydney Olympic Park.

Realised Operating Income was up 8% to $456 million. This was driven by solid comparable income growth, ongoing cost optimisation and capital management initiatives.

The Statutory profit was $594.5 million which was a significant increase over 2011. This was mainly due to a strong valuation uplift and movements in derivatives.

Earnings per security increased by 8.0% to 24.2 cents, higher than the increase in operating income due to the impact of the security buy-back over the period.

A distribution of 19.3 cents per security was delivered, an increase of 8.4% on the prior year. This reflected a payout ratio of 80%.

In 2012 we continued our focus on disciplined and effective capital management and this is reflected in the low gearing ratio of approximately 22%, which is below the policy range of 25% to 35% and one of the lowest in the sector.

We continued to make significant progress in reducing the average cost of debt for the Group, with an average cost of debt achieved of 5.6%, 100 basis points below 2011.

In the first half of 2012 we bought back $148 million of securities, bringing the total securities acquired since the buy-back commenced in 2011 to $275 million representing 4.8 per cent of issued capital.

Our NTA increased by 3.9% to $3.73 as a result of valuation uplifts across the portfolio.

Our high quality, diversified portfolio delivered solid performance in 2012, achieving a total return of 9.3%. This was supported by active portfolio management and structured rental increases which underpinned income growth of 3.2%.

The retail portfolio which represents 56% of the asset base delivered 3.0% income growth and a total return of 8.6%. Occupancy increased to 99.5%, representing only 26 vacancies out of a total of 3,700 tenancies.

The office portfolio which represents 32% of the asset base also had a strong year in 2012, delivering 3.8% income growth and a total return of 10.5%.

The logistics & business park portfolio which makes up 12% of the asset base also performed well, delivering 2.7% income growth and a 9.4% total return. Occupancy remained high at 98.2%.

GPT continued to perform well in the first quarter of 2013, with high occupancy maintained across the portfolio. It was a busy quarter, with the $300 million expansion of Highpoint Shopping Centre opening fully leased and already trading ahead of expectations. We also reached practical completion on the tower at 161 Castlereagh Street in Sydney and our office fund acquired a 50% interest in 8 Exhibition Street in Melbourne. We have declared a distribution of 5.1 cents for the quarter, up 10.9% on last year.

We continue to be recognised globally as a leader in sustainability, recently being awarded global leader in the real estate sector for the third time in the past four years in the Dow Jones Sustainability Index.

The work done to improve our operational assets in this area has, since 2005, delivered total savings of around $20 million.

GPT's focus for 2013 will remain on our 'optimise and grow' strategy, based around four key priorities.

1. Firstly, optimising GPT through streamlining processes and maintaining expense discipline whilst minimising the cost of funding;

2. Equipping employees for best performance, reinforcing our achievement culture;

3. Enhancing core business growth by optimising income with a strong customer focus and actively managing the portfolio; and finally

4. Building additional sustainable growth by consolidating on the four growth platforms and investing in shaping the future of GPT.

We are seeking new opportunities to further improve our performance and generate stronger earnings and increased value.

Looking ahead, there are structural changes that are likely to impact the shape of the property sector in the future. Trends such as the growth of online retail will see changes in the way consumers spend their time in shopping centres and will increase the importance of logistics hubs. The emergence of new working styles will see office workers looking for greater flexibility with working spaces. GPT is investing time and resources in understanding these trends and learning from best practice outside the property sector. Our assets are well positioned to capture the opportunities arising from these changes.

We are currently updating our five year strategic plan outlining the next phase of our journey and I look forward to sharing the results with you as this work progresses.

We have big aspirations. We want to shape the future, not only for GPT but for our industry as a whole. With the lessons of the past still fresh in our minds, we also want to achieve these aspirations without increasing our risk appetite.

I remain cautiously optimistic about our operating environment for this coming year.

Whilst there continues to be some market challenges, GPT will benefit from high levels of occupancy and structured rental increases.

The growth platforms will further strengthen our earnings and we will continue to manage our expenses.

Capital management initiatives will keep our average cost of debt low and we expect to see further improvement in asset values.

For 2013 we are targeting EPS growth of at least 5% and a payout ratio of 80%.

In conclusion, in 2013 and beyond, the entire team at GPT is committed to delivering strong, sustainable value for you, our securityholers. Our goal remains to be Australia's best performing property company.

Thank you for your ongoing support.

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